

FEDERAL BUREAU OF INVESTIGATION
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FM DIRECTOR FBI

TO FBI ALBANY/ROUTINE/

FBI BIRMINGHAM/ROUTINE/

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FBI MIAMI/ROUTINE/

FBI MILWAUKEE/ROUTINE/

SEARCHED
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92-262-2490

SEARCHED <u> </u>	INDEXED <u> </u>
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JAN 28 1994	
FBI, MILWAUKEE	

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FBI WMFO/ROUTINE/

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CITE: //0069//

92-262

♡
SUBJECT: LA COSA NOSTRA (LCN) INFILTRATION/INFLUENCE IN
LEGALIZED GAMING; INTELLIGENCE INITIATIVE

DUE TO THE PROLIFERATION OF LEGALIZED GAMING THROUGHOUT THE

Enc - 2
PAGE THREE DE RUCNFB 0176 UNCLAS

UNITED STATES, AN INITIATIVE IS BEING INSTITUTED TO DETERMINE THE EXTENT OF LCN ACTIVITY IN THE RESPECTIVE STATES WHERE GAMING IS LEGALIZED. (THIS STUDY WILL NOT INCLUDE THE STATES OF NEVADA AND NEW JERSEY).

THE INITIATIVE FOCUSES ON LCN ACTIVITIES RELATED TO SKIMMING, HIDDEN OWNERSHIP OF THE CASINOS, LABOR RACKETEERING CONCERNING CASINO-RELATED SERVICE UNIONS, INFILTRATION OR CONTROL OF ANY ANCILLARY BUSINESSES INVOLVED WITH THE LEGALIZED GAMING OPERATIONS, AND ANY OTHER RACKETEERING ACTIVITIES.

RECEIVING OFFICES ARE REQUESTED TO COMPLETE THE FOLLOWING TASKING AND SUBMIT RESULTS TO FBIHQ ATTENTION: IRS [REDACTED]

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[REDACTED] ROOM 3076, BY COB FEBRUARY 25, 1994.

1. ADVISE IF THERE HAS BEEN ANY RECENT LEGISLATION PASSED IN YOUR DIVISION ADDRESSING LEGALIZED GAMING;
2. IF THERE IS GAMING, DESCRIBE THE TYPE, EXTENT, AND DATE INITIATED;
3. IDENTIFY LCN OWNED AND/OR INFLUENCED BUSINESSES WHICH MAY IMPACT OR RELATE TO LEGALIZED GAMING (E.G., GAMING MACHINE MANUFACTURERS, LINEN COMPANIES, RESTAURANT, ETC.);
4. IDENTIFY ANY LCN TRAVEL TO AREAS OF LEGALIZED GAMING OR PROPOSED AREAS FOR LEGALIZED GAMING OTHER THAN ATLANTIC CITY, NEW

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JERSEY, AND NEVADA;

5. SUMMARIZE PENDING INVESTIGATIONS, INCLUDING
INVOLVING LCN INFLUENCE UPON LEGALIZED GAMING.

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FBI

TRANSMIT VIA:

☒ Teletype
☐ Facsimile
☐ AIRTEL

PRECEDENCE:

☐ Immediate
☒ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☒ UNCLAS

Date 2/22/94

FM FBI MILWAUKEE (92-262-2490)

TO DIRECTOR FBI/PRIORITY/

BT

UNCLAS

CITE: //3470//

PASS: ATTENTION IRS ROOM 3076.b6
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SUBJECT: LA COSA NOSTRA (LCN) INFILTRATION/INFLUENCE IN
 LEGALIZED GAMING; INTELLIGENCE INITIATIVE.

RE BUREAU TELETYPE, DATED 1/27/94.

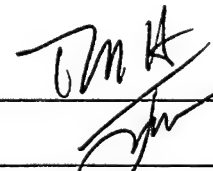
THE FOLLOWING INFORMATION IS SUBMITTED AS REQUESTED IN
 REFERENCED TELETYPE:

1. ON 4/22/88, THE 1987 WISCONSIN ACT 354 (PARI-MUTUEL)
 WAS ENACTED, LEGALIZING LOTTERY AND PARI-MUTUEL BETTING,
 INCLUDING GREYHOUND DOG RACING AND BINGO. THE FEDERAL INDIAN
 GAMING REGULATORY ACT WAS SIGNED INTO LAW IN OCTOBER 1988.
 THIS ACT ESTABLISHED THREE CLASSES OF GAMING AND REQUIRED

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Time Received: 

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MRI/JULIAN DATE:

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FOX DATE & TIME OF ACCEPTANCE:

2-23-94/

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INDIAN TRIBES TO NEGOTIATE "COMPACTS" WITH INDIVIDUAL STATES TO OPERATE THE MOST ADVANCED GAMES. IN JUNE 1991, WISCONSIN FEDERAL JUDGE BARBARA B. CRABB RULED THAT INDIAN TRIBES IN WISCONSIN MAY CONDUCT CASINO-TYPE GAMBLING, TO INCLUDE BLACKJACK AND ELECTRONIC GAMES (VIDEO POKER, PULL-TAB). THE FIRST COMPACT WAS SIGNED BETWEEN THE INDIAN TRIBES AND THE STATE OF WISCONSIN ON 8/16/91 AND THE LAST COMPACT WAS SIGNED ON 6/11/92.

THE WISCONSIN LOTTERY WAS FIRST APPROVED BY WISCONSIN VOTERS ON 4/7/87 AND FIRST TICKET SALES BEGAN ON 9/14/88.

2. AT PRESENT THERE ARE 17 INDIAN GAMING CASINOS IN OPERATION IN WISCONSIN, WITH MORE PLANNED IN THE FUTURE. THERE ARE FOUR GREYHOUND RACETRACKS IN OPERATION IN WISCONSIN AT PRESENT.

3. "CRANE" GAMES WERE LEGALIZED AS PART OF THE LEGISLATION PASSED IN 1988. SINCE THAT TIME SOME CRANE GAMES AND VIDEO POKER AND SLOT MACHINES CURRENTLY LOCATED IN WISCONSIN WERE TRACED TO SMS MANUFACTURING OR GREYHOUND ELECTRONICS, BOTH COMPANIES HAVING TIES TO ORGANIZED CRIME FAMILIES ON THE EAST COAST (SCARFO/LUCCHESI). THESE MACHINES

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HAVE BEEN FOUND IN TAVERNS THROUGHOUT WISCONSIN, WHICH OPERATE THEM ILLEGALLY. THE NUMBER OF THESE MACHINES USED BY INDIAN GAMING ESTABLISHMENTS IS UNKNOWN AT THIS TIME.

DELAWARE NORTH, FORMERLY KNOWN AS EMPRISE, WAS PROSECUTED IN 1972 IN LOS ANGELES, CALIFORNIA REGARDING ATTEMPTS BY SEVERAL LCN FIGURES TO GAIN HIDDEN OWNERSHIP OF THE FRONTIER HOTEL IN LAS VEGAS. ALLEGATIONS OF CONNECTIONS BETWEEN DETROIT LCN AND DELAWARE NORTH WERE ALSO INVESTIGATED. DELAWARE NORTH IS CURRENTLY INVOLVED IN THE MANAGEMENT OF ONE OF THE GREYHOUND RACETRACKS IN WISCONSIN.

HAH ENTERPRISES, WHICH OWNS THE ST. CROIX MEADOWS GREYHOUND RACETRACK IN WISCONSIN, HAS ITS ROOTS IN THE MIAMI, FLORIDA AREA AND, ACCORDING TO OCIS, HAS HISTORICAL TIES TO THE MEYER LANSKY GROUP. NO CURRENT TIES TO THE LCN HAVE BEEN UNCOVERED.

[REDACTED] THE DEVELOPMENT OF THE INDIAN GAMING SITE IN MILWAUKEE KNOWN AS THE POTOWATAMI BINGO HALL, HAS PREVIOUSLY BEEN INVESTIGATED BY THE FBI FOR HIS TIES TO VARIOUS ORGANIZED CRIME FAMILIES, INCLUDING THE DETROIT LCN. [REDACTED] DIVESTED HIMSELF OF OWNERSHIP IN THE POTOWATAMI

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BINGO HALL AND TURNED OVER HIS SHARES TO GERARD DONDERO, ALSO KNOWN AS JERRY DONDERO, OF LAS VEGAS, NEVADA. IT IS SUSPECTED THAT [REDACTED] CONTINUES TO HAVE A HIDDEN OWNERSHIP, THROUGH DONDERO.

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MORE RECENTLY, INDIVIDUALS CONNECTED TO THE WAGON WHEEL RESORT OF ROCKTON, ILLINOIS HAVE BEEN ATTEMPTING TO DO BUSINESS WITH THE LAC DU FLAMBEAU (LDF) TRIBE IN NORTHERN WISCONSIN. ACCORDING TO OCIS, THE WAGON WHEEL HAS CLOSE TIES TO THE CHICAGO LCN AND HAS BEEN USED AS A MEETING PLACE FOR LCN MEMBERS.

4. THERE HAVE BEEN NO KNOWN TRAVELS BY THE MILWAUKEE BALISTRIERI LCN FAMILY TO AREAS OF LEGALIZED GAMING. IN THE INITIAL STAGES OF GAMING DEVELOPMENT IN WISCONSIN, THE BALISTRIERI FAMILY, ACCORDING TO SOURCES, SHOWED SOME INTEREST IN DEVELOPMENT OF A BUSINESS RELATIONSHIP WITH INDIAN CASINOS IN THE AREA BUT THIS FAILED TO MATERIALIZE INTO ANY SUBSTANTIAL EFFORT. AS NOTED IN PARAGRAPH THREE ABOVE, OFFICIALS FROM THE WAGON WHEEL RESORT IN ROCKTON TRAVELED TO NORTHERN WISCONSIN RECENTLY IN THEIR ATTEMPTS TO DO BUSINESS WITH THE LAC DU FLAMBEAU TRIBE. THE RELATIONSHIP BETWEEN

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[REDACTED] THE WAGON WHEEL, AND THE CHICAGO LCN IS BEING INVESTIGATED PRESENTLY.

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5. AS STATED ABOVE, MILWAUKEE HAS RECENTLY RECEIVED INFORMATION THAT [REDACTED] WAGON WHEEL RESORT IS ATTEMPTING TO DO BUSINESS WITH THE LAC DU FLAMBEAU TRIBE. A PRELIMINARY INVESTIGATION WILL BE CONDUCTED BY MILWAUKEE TO DETERMINE [REDACTED] CONNECTIONS TO THE CHICAGO LCN.

IN SEPTEMBER 1990, THE MILWAUKEE DIVISION INITIATED CASES INVESTIGATING POSSIBLE LCN TIES TO THE GREYHOUND RACING INDUSTRY IN WISCONSIN AND TO POSSIBLE LCN TIES BETWEEN THE POTOWATAMI BINGO HALL KNOWN AS OMNI BINGO AND [REDACTED] WHOSE HISTORICAL TIES TO THE LCN WERE PREVIOUSLY UNDER INVESTIGATION. DUE TO LIMITED AGENT RESOURCES AND OTHER PRIORITY MATTERS WHICH NEEDED TO BE ADDRESSED, THESE INVESTIGATIONS WERE CLOSED, SINCE THEY WERE PRIMARILY PROACTIVE, WITH NO STATISTICAL ACCOMPLISHMENTS IMMINENT.

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MILWAUKEE IS CURRENTLY INVESTIGATING POSSIBLE CONNECTION BETWEEN VIDEO GAMING SUPPLIER "LEISURE TIME ENTERPRISES" OF GLENVIEW, ILLINOIS, AND [REDACTED] CHICAGO LCN CAPO.

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IN 1993, MILWAUKEE OBTAINED CONVICTION OF [REDACTED] A
CHICAGO LCN ASSOCIATE, ON CHARGES OF BRIBING INDIAN OFFICIALS
IN ORDER TO PLACE GAMING EQUIPMENT IN INDIAN CASINOS. IN
1991 [REDACTED] DOING BUSINESS AS CASINO PARTY SUPPLIERS, WAS
SUPPLYING GAMBLING EQUIPMENT AND OTHER PARAPHERNALIA TO INDIAN
RESERVATIONS.

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2/16/94

Director, FBI (92-19597)

ADIC New York
SACs Albany
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Cleveland
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Newark
New Haven
New Orleans
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Phoenix
Pittsburgh
St. Louis
San Diego
San Francisco
Tampa

CHRONOLOGICAL HISTORY OF LA COSA NOSTRA (LCN), 1920-1993
INTELLIGENCE PROJECT

The Chronological History of the La Cosa Nostra is being updated. The chronology was originally written as a reference guide to denote the rapidly changing face of the LCN in the United States, from the rough characters of old to the sophisticated LCN of today. The guide was deemed necessary to assist all personnel assigned to the investigation of organized crime. This chronology has been used in hearings before the Senate Permanent Subcommittee on Investigations and has been included in the subcommittee's final report. The chronology has also been presented to foreign officials and representatives of domestic intelligence agencies as a component of organized crime briefings.

The original chronology covered the time period from January 1920 to August 1987. An updated version of this report was redacted in 1989 to represent the period from August 1987 to July 1989.

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FBI - MILWAUKEE	

Airtel to ADIC New York, et al
Re: Chronological History of La Cosa Nostra, 1920-1993

Receiving offices are requested to submit events and pertinent items of importance pertaining to the LCN during the period July 1989 to the present to the Organizational Intelligence Unit (OIU) by close of business 3/25/94. Each submission should contain the date of the event followed by a short synopsis. The synopsis can be as short as a single sentence and should be no longer than two paragraphs. Any significant event not disseminable to the public or an outside agency should be so noted.

Any questions pertaining to this request should be directed to IRS [redacted] OIU, FBIHQ, Room 3076, telephone number 202-324-4778.

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AIRTEL

2/17/94

Director, FBI

ADIC, New York
SACs, Baltimore
Buffalo
Chicago
Detroit
Jacksonville
Los Angeles
Miami
✓ Milwaukee
Minneapolis
Newark
Norfolk
Philadelphia
Richmond
St. Louis
Tampa
Washington Field Office

00
00 ITALIAN ORGANIZED CRIME (IOC) GROUPS;
INTELLIGENCE EXCHANGE BETWEEN THE FBI AND [REDACTED]
[REDACTED]

Personnel from the La Cosa Nostra/Italian Organized Crime Unit (LCN/IOCU) and the Organizational Intelligence Unit (OIU) met recently with representatives from [REDACTED] to discuss intelligence initiatives relative to IOC groups. At the meeting, [REDACTED] personnel provided several intelligence documents intended to enhance the FBI's knowledge of the organizational structure, areas of influence, and hierarchy of IOC groups whose

Enclosures *[handwritten mark]*

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Airtel to ADIC, New York, et al

Re: ITALIAN ORGANIZED CRIME (IOC) GROUPS; INTELLIGENCE
EXCHANGE BETWEEN THE FBI AND [REDACTED]
[REDACTED]

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criminal activities impact on the United States. Copies of these documents are being provided to your office for informational purposes.

Among the documents provided by [REDACTED] are [REDACTED]
[REDACTED]
[REDACTED]

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[REDACTED] Due to the turmoil in Sicily following the assassinations of Italian Magistrates Giovanni Falcone and Paolo Borsellino and the increased movement of IOC figures internationally, the LCN/IOCU has contacted the Immigration and Naturalization Service (INS) to have the names of these individuals and available biographical data processed into INS computer databases. The information will be utilized by all INS Inspectors and a notification on the date and port of entry will be provided to the FBI when one of these Mafia members enters the United States.

[REDACTED] also provided the FBI with updated [REDACTED]
[REDACTED]
[REDACTED] The LCN/IOCU and OIU are planning future meetings with [REDACTED] wherein [REDACTED] will supply additional information relative to [REDACTED]
[REDACTED]

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Each of the above-described documents has been serialized at FBIHQ and the information is currently being processed into the Organized Crime Information System (OCIS).

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PP FBIAL FBIBH FBIBS FBIBF FBICG FBICV FBIDN FBIDE
FBIJN FBIKC FBILV FBILA FBIMM FBIMW FBIMP FBIMO
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FBISD FBISF FBISE FBITP FBIWMFO

DE RUCNFB #0027 1191459

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P 291352Z APR 94

FM DIRECTOR FBI

TO FBI ALBANY/PRIORITY/

FBI BIRMINGHAM/PRIORITY/

FBI BOSTON/PRIORITY/

FBI BUFFALO/PRIORITY/

FBI CHICAGO/PRIORITY/

FBI CLEVELAND/PRIORITY/

FBI DENVER/PRIORITY/

FBI DETROIT/PRIORITY/

FBI JACKSON/PRIORITY/

FBI KANSAS CITY/PRIORITY/

FBI LAS VEGAS/PRIORITY/

FBI LOS ANGELES/PRIORITY/

FBI MIAMI/PRIORITY/

FBI MILWAUKEE/PRIORITY/

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92A-262-2493

APR 1994
FBI YM
MANUAL YM

SEARCHED	INDEXED
SERIALIZED <i>b</i>	FILED <i>b</i>
APR 29 1994	
FBI - MILWAUKEE	

jm

PAGE TWO DE RUCNFB 0027 UNCLAS

FBI MINNEAPOLIS/PRIORITY/

FBI MOBILE/PRIORITY/

FBI NEWARK/PRIORITY/

FBI NEW HAVEN/PRIORITY/

FBI NEW ORLEANS/PRIORITY/

FBI NEW YORK/PRIORITY/

FBI PHILADELPHIA/PRIORITY/

FBI PHOENIX/PRIORITY/

FBI PITTSBURGH/PRIORITY/

FBI ST LOUIS/PRIORITY/

FBI SAN DIEGO/PRIORITY/

FBI SAN FRANCISCO/PRIORITY/

FBI SEATTLE/PRIORITY/

FBI TAMPA/PRIORITY/

FBI WMFO/PRIORITY/

BT

UNCLAS

CITE: //0669//

SUBJECT: ⁰⁰ ORGANIZED CRIMINAL INFILTRATION/⁰⁰INFLUENCE IN LEGALIZED

GAMING; INTELLIGENCE INITIATIVE.

RE BUTEL TO ALBANY AND RECEIVING OFFICES DATED 1/27/94.

AS NOTED IN REFERENCED TELETYPE, THE ^{OO}ORGANIZATIONAL
INTELLIGENCE UNIT (^{OO}OIU), INTELLIGENCE SECTION, IS CONDUCTING A
FIELD-WIDE INTELLIGENCE INITIATIVE TO IDENTIFY THE EXTENT OF
ORGANIZED CRIMINAL INFLUENCE IN LEGALIZED GAMING, TO INCLUDE
INDIAN GAMING. THE INITIATIVE FOCUSES ON CRIMINAL ACTIVITIES AS
THEY RELATE TO SKIMMING, THE HIDDEN OWNERSHIP OF CASINOS, LABOR
RACKETEERING CONCERNING CASINO-RELATED SERVICE UNIONS, THE
INFILTRATION OR CONTROL OF ANY ANCILLARY BUSINESSES INVOLVED WITH
LEGALIZED GAMING OPERATIONS, CHEATING RINGS, AND ANY OTHER
RACKETEERING ACTIVITIES.

EACH RECEIVING OFFICE IS REQUESTED TO PROVIDE THE OIU WITH
INFORMATION DESCRIBING THE GAMING REGULATORY AGENCY IN EACH OF
THEIR RESPECTIVE JURISDICTIONS, THE IDENTITIES OF INDIVIDUALS WHO
ENFORCE GAMING REGULATIONS, THE METHODS OF SELECTION, AND WHETHER
PROCEDURES EXIST TO INVESTIGATE THE BACKGROUNDS OF THOSE
INDIVIDUALS SELECTED.

RECEIVING OFFICES ARE REQUESTED TO SUBMIT RESPONSES TO
FBIHQ, ATTENTION: IRS ROOM 3076, BY COB,
MAY 20, 1994.

b6
b7c

INFORMATION COMMUNICATION

Date: 05/09/94

TO: CRIMINAL INVESTIGATIVE DIVISION
ATTN: INTELLIGENCE RESEARCH SPECIALIST [REDACTED]
[REDACTED] ROOM 3076

FROM: MILWAUKEE (RUC)
SQUAD 4/ORGANIZED CRIME-DRUG PROGRAM

b6
b7C

POINT OF CONTACT: SSA [REDACTED]
SA [REDACTED]

TITLE: ORGANIZED CRIMINAL INFILTRATION/INFLUENCE
IN LEGALIZED GAMING;
INTELLIGENCE INITIATIVE;
OO: FBIHQ

References: FBIHQ teletype to FBI Albany and other
divisions, dated 4/29/94.

PURPOSE(S): The purpose of this communication is to report
information requested by FBIHQ in referenced teletype.

DETAILS: The Wisconsin Gaming Commission (WGC), created by the
Wisconsin Legislature, became effective on 10/1/92. The WGC
coordinates and regulates all gaming activities and promulgates
all rules relating to legal gambling in Wisconsin. *Agree*

The WGC consists of three full-time members, appointed
to staggered, four-year terms by the Governor of Wisconsin with
the advice and consent of the Wisconsin Senate. The WGC
commissioners are required to be residents of Wisconsin, and
cannot have been convicted of a felony or gambling related
offense. Within the WGC is a Gaming Security Division, which
performs various security duties relating to WGC matters,
including conducting background investigations required by the
WGC.

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b7C

[REDACTED] of the WGC is [REDACTED] Another
[REDACTED] of the WGC is [REDACTED] The third
is [REDACTED]

[REDACTED] is [REDACTED] All
of the above individuals are appointed by the Governor with no
background investigations being performed.

① - File Copy
1 - Work Copy
FWT:cth (4)

UCFN: 92A-MW-262 - 2494 (CONTINUED)

SEARCHED INDEXED
SERIALIZED FILED

05/09/94, Re: 92A-MW-262

In addition to the above, the Wisconsin State Department of Justice has a Bureau of Gaming Enforcement, which is a unit within the DOJ's division of Criminal Investigation. Their responsibilities include the enforcement of the state's gambling statutes regarding lottery, racing, bingo, crane games, and other gambling matters. The Bureau of Gaming Enforcement may investigate activities of the Wisconsin Gaming Commission, and its employees.

■

TRANSMIT VIA: AIRTEL

CLASSIFICATION: _____

DATE: September 12, 1994

FROM: Director, FBI

✓ TO: All SACs
All LEGATs

EURASIAN/EASTERN EUROPEAN ORGANIZED CRIME MATTERS

In recent years, events in the former Soviet Union and Eastern Europe have led to a dramatic increase in the level and significance of criminal activity emanating from that region. The seriousness of the problems engendered by organized Russian/Eastern European criminal groups has been highlighted by the media, by the Attorney General's designation of such matters as organized crime investigative/prosecutive priorities, and by my recent visit, together with other key law enforcement and diplomatic leaders, to those nations. In fact, growing concerns over the impact of so-called "Russian Organized Crime" in the United States have caused that phenomenon to become both a national security issue as well as a law enforcement problem.

In recognition of this situation, it is vital that all FBI field divisions be sensitive to the importance of these matters and to devote appropriate resources to detecting the presence of "Russian Organized Crime" within their territories. I expect each SAC and LEGAT to give high priority to establishing criminal intelligence initiatives adequate to define the extent and nature of such activity, to include that surfaced in programs other than the OC/Drug Program, and to conducting aggressive criminal investigations of Russian/Eastern European crime groups, when such organizations are identified.

SEARCHED _____

FOIMS _____

MANUAL _____

92-262-2495

SEARCHED	INDEXED
SERIALIZED	FILED
SEP 16 1994	
FBI-MILWAUKEE	

Airtel to All SACs and All Legats
RE: EURASIAN/EASTERN EUROPEAN ORGANIZED CRIME MATTERS

In order to ensure that the FBI's efforts against Russian/Eurasian organized matters are appropriately coordinated with other [REDACTED]

b7E

[REDACTED] an increased level of FBIHQ oversight is being implemented. Effective immediately, the opening of criminal investigative matters conducted under the 92H, 245H and 281H classifications must be reported to FBIHQ within 14 calendar days. Reporting will be accomplished by airtel directed to the European/Asian Unit, Organized Crime/Drug Operations Section #2, Criminal Investigative Division, FBIHQ, and will address the predication of the investigation, the structure and scope of the criminal enterprise involved, its criminal activities and connections to other criminal organizations, the identity and background of key members and associates, and the investigative plan for the next 180 days. This requirement will be in force for six months from the date of this communication.

You are further reminded that the international activities of Eurasian/Eastern European crime groups [REDACTED]

b7E

[REDACTED] through FBIHQ and the appropriate Legal Attache.

(Mount Clipping in Space Below)

Former allies face off in Teamsters local election

(Indicate page, name of newspaper, city and state.)

THE MILWAUKEE JOURNAL
MILWAUKEE, WISCONSINDate:
Edition: METRO EDITION

Title: FRANK BUSALACCHI

Character: ☐
or
Classification: 92A-262
Submitting Office: MILWAUKEE

b7E

Indexing:

No. 2 man seeks top job in race reflecting national tensions

By ERIK GUNN
of The Journal staff

On a clammy, gray afternoon, Frank Busalacchi strides through a chilly freight barn on Milwaukee's South Side, handing out campaign buttons, slapping backs and shaking hands.

Pausing from his job unloading a truck, Ted Storheim leans in over the din of machinery. Storheim urges Busalacchi to make the union get serious about organizing.

Later, Storheim explains why he supports Busalacchi's run for the top job in Teamsters Local 200: "We're getting rid of the Old Guard guys that used to tell us we're lucky we have a job."

In other times, Busalacchi, 50, might have been a mem-

ber of that Old Guard. Already he is Local 200's president, the No. 2 officer in a union where the most powerful position is that of secretary-treasurer.

Now, however, Busalacchi is waging an unprecedented battle for the local's top job, running against a former ally, Secretary-Treasurer Kenneth Friesner.

The 7,000-member local is one of the largest unions in southeastern Wisconsin, representing truck drivers, warehouse workers, and a variety of other employees in manufacturing and construction. While Friesner insists the union is sound and looks well after its members' interests, his challenger's supporters hope that an upset will signal renewed strength for the union and the labor movement as a whole.

"One of Ken's rules is, 'Stay in the office,'" Busalacchi says. "If members want to see you, they'll come into

the office." That's going to change.

Busalacchi succeeded Friesner as president in 1990, when Friesner took over the secretary-treasurer's post from Raymond "Red" Fularczyk after Fularczyk was appointed to a regional Teamsters post in Chicago.

The partnership worked for a while, such as when the local weathered a tough 1991 dispute with the grocery wholesaler Roundy's Inc.

But more than a year ago, infighting between Friesner and Busalacchi erupted.

Busalacchi blames Friesner for shutting him out of local union affairs and pulling the union back from involvement with its members.

Friesner dismisses those accusations and says the Busalacchi slate lacks experience and savvy. Busalacchi "hasn't talked to me in two years," he says. "I don't know what his differences are."

Hovering in the background is the continuing controversy inside the national Teamsters Union, which has been openly divided since Ron Carey was elected national president three years ago on a reform agenda. Friesner is a Carey critic; Busalacchi, who supported a Carey rival, now has joined Carey's team as a bargainer and in a regional union post.

Ballots to fill seven executive board seats went in the mail Monday. They're due back by Dec. 17 and are to be counted soon thereafter.

Busalacchi, a former dockworker and truck driver, heads a seven-man "Members United" slate that includes as its presidential candidate Sebastian Busalacchi (no relation), currently a union business agent. The slate also includes a member of Teamsters for a Democratic Union, a rank-and-file reform group.

Friesner, 54, is a former truck driver for a carrier that served Roundy's. His "Proven Team" slate includes another business agent, Terry Smith, as its new candidate for president.

92A-262-2496
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SERIALIZED..... FILED.....

FBI - MILWAUKEE

Smith was involved earlier this year in unsuccessful campaigns to get Local 200's employees — business agents who negotiate and administer contracts, and its office and clerical staff — to join an outside union. Reform activists in the local contended that the union drive was a ruse to protect Friesner and his allies in the event that they lost power; Friesner says that wasn't true.

In a campaign waged largely through mailings and personal

visits to job sites, Busalacchi's "Members United" slate cites claims of free-spending and cronyism under Friesner.

In the last several years, Busalacchi says, Friesner has controlled the union so tightly that agents sometimes find themselves stymied in just carrying out the union's day-to-day business. "Involvement with the membership has ceased to exist," Busalacchi says. And, he says, Friesner has undermined his dealings with the national union and gave no support to a contract that ended a three-week national freight strike last spring.

Busalacchi's supporters also have charged that Smith was so unpopular with freight industry members whom he served as a business agent that workers at several companies successfully petitioned to have him replaced.

Friesner dismisses all of the allegations. Since he first took office four years ago, he says, he's put in tight financial controls, cutting overhead costs and increasing the union's assets, rescuing it from near bankruptcy. He credits Smith with winning many arbitrations and blames the agent's ouster from some shops on "a political ploy" to discredit him.

Friesner does acknowledge one Busalacchi criticism, that the union is flagging in its organizing efforts. Busalacchi blames the lack of support from the top of the local; Friesner blames the current political infighting.

If Busalacchi wins, he and his supporters promise a re-energized local. But Friesner sees disaster. By opening up the election process, "you're going to spend 80% of your time getting re-elected," he says. "In making this one so political, there isn't much future for this local."



Journal photo by Ronald M. Overdahl

FRANK BUSALACCHI (left) talks with Teamster member **Bill Connell** on a visit to a freight station. Busalacchi is running for the top job in Teamsters Local 200 against a former ally, **Kenneth Friesner**. The local election reflects a schism in national union politics.

(06/01/1995)

FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE

Date: 05/01/1996

To: Chicago
New York

Attn: SSA [REDACTED]

b6
b7C

From: Milwaukee
Squad 4

Contact: SA [REDACTED] (414) 291-4244

Approved By: [REDACTED]

Drafted By: [REDACTED]

Case ID #: 92A-0 (Pending)
✓ 92A-262 (Pending)

Title: [REDACTED]
dba IOWA COUNTY WISCONSIN CORPORATION;
LCN MATTER

Synopsis: Information set forth re [REDACTED] Chicago
Division references re [REDACTED] set forth.

Administrative: Milwaukee telcall of SA [REDACTED] to
Chicago SSA [REDACTED] 05/01/1996.

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Details: On 03/08/1996, the Wisconsin State Gaming Commission granted a license to own and operate the Geneva Lakes Kennel Club Greyhound Track in Delavan, Wisconsin, to Midwest Track Associates, [REDACTED]
[REDACTED] Iowa County Wisconsin Corporation, took over Midwest Track Associates from financially troubled Anvan Corporation, after agreeing to assume 18 million dollars in debt.

Milwaukee Division found no records identifiable to
[REDACTED] in [REDACTED]

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Records checked with Lexis-Nexis re [REDACTED] disclosed he is registered agent for numerous corporations in Illinois, including [REDACTED] (in good standing), and [REDACTED]

2497
92A - 262 - 2463

SEARCHED INDEXED
SERIALIZED FILED

(06/01/1995)

FEDERAL BUREAU OF INVESTIGATION

To: Chicago From: Milwaukee
Re: 92A-0, 05/01/1996

[redacted] records indicate Chicago reference [redacted]

[redacted]

b7E

Lexis-Nexis records disclose [redacted] as [redacted]

[redacted] records disclose

[redacted] referenced to New York file [redacted]

By referenced telcall, SSA [redacted] advised that [redacted]

[redacted] is an LCN-connected
business.

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b7E

Leads set forth below are to determine possible LCN connection between [redacted] and organizations listed above. If feasible, appropriate confidential informants should be canvassed regarding [redacted]

To: Chicago From: Milwaukee
Re: 92A-0, 05/01/1996

Descriptive Data:

Main Subject

Race:

W

Sex:

M

Name -

Last:

First:

Middle:

DDN:

DOB:

SSAN #:



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To: Chicago From: Milwaukee
Re: 92A-0, 05/01/1996

LEAD(s) :

Set Lead 1:

CHICAGO

AT CHICAGO, IL

Check referenced files re [] and possible LCN connections.

Determine individuals associated with Iowa County Wisconsin Corporation, an Illinois Corporation in good standing, and thereafter advise of any LCN contacts.

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If possible determine [] connection with Mama Tish's Restaurant (183-CG-938-242-A), and any possible LCN connections.

Set Lead 2:

NEW YORK

AT NEW YORK, NY

Review referenced New York files and provide Milwaukee Division with capsule summary of case, including any known LCN connections in New York to []

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CC: 1 - SA []

♦♦

92A-262-2498

SEARCHED	INDEXED
SERIALIZED	FILED
JUN 0 4 1996	
FBI — MILWAUKEE	

(Indicate page, name of newspaper, city and state.)
 MILWAUKEE JOURNAL
 SENTINEL
 MILWAUKEE, WI

(Mount Clipping in Space Below)

THE SINS OF THE FATHER

Caught forever in the shadow of a gangster dad, the Balistrieri 'boys' say the mob years are a thing of the past and no reason to deny a law license

They're Frank's boys, the two sons of Milwaukee's most famous gangster, Frank P. Balistrieri, the man the government tagged the Mafia boss of Milwaukee and chased for three decades.

Frank's dead now. His sons, John and Joe, well into their middle years, are trying to live down the lawless legacy that Frank, and their grandfather before him, left behind.

They know the whispers: Frankie Bal's boys — and grandsons, too, of John Alioto, the don of Milwaukee's Cosa Nostra family before father Frank took over.

But John and Joe, seven years out of prison on an extortion conviction, say they've severed all ties to that world, a world snuffed out forever anyway, they insist, with Frank P. Balistrieri's death in 1993.

Frank's boys have deliberately kept out of the public eye much of the past seven years. And they declined, through their lawyer, to be interviewed for this story.

But in a different forum, both are going public now to argue that John, prison and his father behind him, deserves to get back the law license he lost after his 1984 conviction, along with brother Joe and father Frank, for trying to muscle in on a Milwaukee vending business.

In mid-March, on election night, while the media spotlight was focused on the race for Milwaukee mayor, the Balistrieris appeared

before a panel of lawyers to make their case.

Joe, the oldest, is 55, almost bald on top, a sharp contrast to his appearance in decades of newspaper photos starting in the mid-'60s. Most of the photos were taken outside of courtrooms, showing him with a head of dark hair, expensive suits and Italian good looks.

The good looks, trim build and expensive suit are still there. And so is the ready smile and friendly, self-assured manner that made Joseph P. Balistrieri a successful and popular lawyer for two decades before the extortion conviction ended his legal career.

John, who turns 48 in August, is putting on weight. His dark hair is thinner than the thick shock that shows up in courthouse photos from his three highly publicized trials in the early 1980s.



John Balistrieri in 1981, three years before his extortion conviction. Today, he is fighting, over the objections of some law enforcement officials, to get his law license back.

The wariness around strangers is also still there. What was different, though, was the almost-empty room: two reporters and nobody else in the audience. It was unlike the 1984 trial where the media and public jammed into the Federal Courthouse to watch the best show in town: Frank and his boys, along with a reputed New York Mafia captain, squaring off against the feds in Milwaukee's biggest mob trial.

Please see **BROTHERS** page 4

Date: 5/19/96
 Edition: FINAL

Title: THE SINS OF THE FATHER

Character:

or LCN/OC
 Classification:

Submitting Office:

FBI MILWAUKEE DIVISION

Indexing:

Brothers/ 'We were absolutely corrupted'

From page 1

The jury convicted all three. Balistrieri of extortion. Frank got 13 years in prison and the boys eight years each, later reduced to five years after both publicly repudiated their father as an "evil force" who dragged them into his world and public ruin.

"He has made our births a scandal," Joe said of his father at the time.

For Joe and John Balistrieri, the trial was the first time in more than a decade of investigations and indictments that prosecutors made the charges stick. Both served three years and three months in prison, John in Texas, Joe in Oklahoma, and came quietly back to Milwaukee in 1989 to try and pick up the pieces.

Since then, John, with a reputation as quiet, serious and with a head for numbers, has earned a living managing his and Joe's business assets and running the day-to-day operations of The Shorecrest, an elegant residential hotel on the east side that Joe owns.

From a corner table, with a red telephone in the restaurant of that hotel, the FBI says, Frank Balistrieri ran the Milwaukee mob when he was alive.

John and Joe have stayed out of the public spotlight since their return, getting a one-day splash in newspapers and TV when Frank died in 1993 and little else.

"They have taken on the life of monks," says their attorney, Gerald P. Boyle.

In their heyday, from the late '60s to the early '80s, they drove Rolls Royces and Mercedes,

nightclubbed at cabarets and lived a life of privilege, prosecutors say, that Frank P. Balistrieri's name and money made possible.

Now, John Balistrieri says in his license reinstatement request, his income is half what it was before prison. Snug's, Joe's restaurant in The Shorecrest, is closed. City Hall records show John and Joe owe close to \$49,000 in back taxes on four city properties in their names, including The Shorecrest.

Their names, always linked to their famous father's, were regularly in the newspapers for more than three decades.

Joseph P. Balistrieri, the oldest in Frank P. and Antonina Alioto Balistrieri's family of four, was born in 1940, at a time when Frank, the son of Sicilian immigrants and just in his early 20s, was in and out of Marquette University before moving on to a career as a boxing promoter.

John J. was born in 1948, about the time, an FBI affidavit says, that father Frank was "made" — formally initiated — into the Milwaukee La Cosa Nostra family.

The 1950s saw Frank Balistrieri moving up in the mob, prosecutors say, running a string of nightclubs, strip joints and restaurants downtown.

In 1961, Frank is named the new head of the Milwaukee Cosa Nostra family, replacing Joe and John's maternal grandfather, John Alioto, who at 72 is stepping down because of age, an FBI affidavit says.

By 1964, Joe Balistrieri is in his second year of law school at the University of Wisconsin-Madison, and hidden FBI microphones record father Frank, at a meeting of the Milwaukee Cosa Nostra family, threatening to discipline two wayward family members.

"L'amazzari," Frank tells his father-in-law in Sicilian — "I got to kill them."

By 1969, John Balistrieri is a junior at UW-Madison, majoring in economics. On the floor of the U.S. Senate, Frank is identified as head of the Milwaukee Cosa Nostra, one of 22 crime families

Two years later, Vincent Maniaci discovers 20 sticks of dynamite taped in front of the driver's seat of his car — a bomb that does not explode because of faulty wiring. Maniaci moves to Hawaii.

That same year, 1977, under-

around the country.

In 1971, Joe, out of law school just six years, buys The Shorecrest for a little more than \$1 million. The same year, a federal grand jury in Milwaukee begins investigating a \$125,000 loan to Frank Balistrieri, through son Joseph, from the mob-tarred Teamsters union pension fund, and prosecutors allege in an affidavit that Joseph Balistrieri is a regular "cover," used to conceal his father's financial interests.

By 1973, John is out of law school and within three years shows up as an agent or officer of various enterprises that the FBI says are controlled by Frank — restaurants, vending machine companies and clubs — in a spreading network of businesses.

These are the volcano years for Frank and his boys. In 1975, a pit boss at a Las Vegas casino is shot five times in the head gangland-style and the FBI alleges that Frank Balistrieri ordered the hit to protect "skimming" — cash stolen from the casinos — by Balistrieri and other Midwest mob bosses.

The same year, Milwaukee mobster August Maniaci is shot five times in the head outside his east side home. The FBI alleges in an affidavit that Frank Balistrieri, at a meeting of the Milwaukee family at The Shorecrest, called Maniaci a "fink" and says he orchestrated the murder.

Balistrieri, the affidavit says, adds that Maniaci's brother, Vincent, is a troublemaker, too, and also should be killed.

world sources are telling the FBI that Frank is "grooming" son John to "take over control of the Milwaukee La Cosa Nostra," an FBI affidavit says. "Balistreri," the affidavit goes on, "at one time refrained from involving his sons in LCN activities; however, he now feels that he needs someone he can trust and has selected his son, John J. Balistreri."

The next year, Milwaukee mobster August Palmisano is killed instantly when a bomb blows up his car north of downtown. Found burned almost beyond recognition behind the wheel — parts of his scalp and skin sheared off. Palmisano's body is identified through fingerprints.

A month later, at Snug's restaurant, Frank Balistreri is meeting with a group of New York and Rockford, Ill., mobsters.

"He called me a name — to my face," Frank says of Palmisano, putting fingers to his face. "Now they can't find his skin." Unknown to Frank, in the group is an undercover FBI agent, who writes it all down.

The same year, 1978, John Balistreri buys a Milwaukee vending business, H&G Amusement Co., and prosecutors allege the family begins expanding into other vending operations.

Later, John is caught on another FBI bug talking about the amusement business: "In three years there ain't going to be anybody else but me."

By 1980, FBI bugs catch John Balistreri bragging about the family's rise in fortunes.

"Three years ago, we ran a bunch of strip clubs and none of 'em were successful," he says on the tape. "Today we are worth \$15 million, you don't think that sticks in their throat?"

The same year, FBI agents raid The Shorecrest Hotel, finding \$200,000 in cash in envelopes in the hotel safe. FBI bugs pick up Frank and the boys later brainstorming on how to explain the cash, with John arguing against a plan to say \$50,000 of the money is cash from a big wedding.

Brother Joe, John says, should declare the entire \$200,000 as income on his yet-unfiled 1979 income taxes. "If he declares \$200,000 in income, by the time I'm done filing his tax return, I'll take off more than you can take off by taking \$50,000," John tells them.

In 1981, the Balistreris are indicted along with two New York mobsters, for trying to extort a part interest in a Milwaukee vending business — a business that, unknown to them, is part of an FBI sting.

Prosecutors allege that Joe and John, as part of the extortion, used their law background to draw up a legally enforceable contract giving them an option for half the business for \$5,000.

FBI bugs pick up the Balistreris discussing how to handle the vending operator. "You be diplomatic with him," Frank tells the boys, "and I'll do the rough stuff."

At the time of the indictments, all three vigorously deny the charges. Three years later, all are found guilty by a Federal Court jury in Milwaukee.

Frank Balistreri goes to trial three times in the early 1980s. In 1983, he is found guilty of bossing an illegal sports betting operation in Milwaukee. In 1984, he is found guilty of extortion. And in 1985, halfway through trial, he pleads guilty in Kansas City to skimming millions in Las Vegas casino profits.

John and Joe Balistreri also face juries in the 1980s: John is acquitted in 1983 of insurance fraud; both brothers are found guilty in 1984 of extortion; and both are acquitted in 1986 in the Kansas City skimming trial.

Sentenced to eight years in prison on the extortion conviction, both brothers voluntarily give up their law licenses and enter prison in 1986. In 1987, the Wisconsin Supreme Court formally revokes their law licenses. In April 1989, both return to Milwaukee after serving three years and three months behind bars.

John Balistreri's request to once again practice law in Wisconsin is sparking strong objections from U.S. Attorney Thom-

as Schneider and other law enforcement officials. For the March 19 hearing, Schneider filed nearly a hundred pages of affidavits and transcripts of FBI recordings, showing, he argued, that the extortion conviction was not an isolated incident but part of "an ongoing pattern of criminal activity."

Included in the affidavits: prosecutors' arguments that John and Joe were advisers, confidants and, at times, "fronts" for their father's illegal enterprises.

"John Balistreri used his skills and training as an attorney to commit this criminal activity (extortion)... just as a burglar uses a pry bar and the dark of night to steal," Schneider argued. "Unlike most caught up in the crime, John Balistreri had all the advantages of his wealth, education and his skills as an attorney."

Milwaukee County District Attorney E. Michael McCann and Wisconsin Attorney General Jim Doyle are objecting to John Balistreri's relicensing in formal letters to the lawyer panel.

But there is strong support in some quarters of Milwaukee for reinstatement. Two judges, John F. Foley and Frank T. Crivello, wrote letters supporting relicensing. Also writing a letter was Stephen M. Glynn, one of the state's best defense attorneys, who represented John in the early '80s.

"He is now, as he has been for many years of his life, visited with the sins of his father," Glynn wrote.

Glynn, in an interview, said a major part of John's problems come from being targeted, because of his father, in what Glynn called a "vendetta" by the FBI against organized crime.

Glynn scoffs at some of the allegations in FBI affidavits.

"It's not as the FBI describes it — that he's the heir apparent to the Mafia throne," Glynn says. "Since he's been out of prison, he got married, had a family and he's a law-abiding citizen. He's entitled to a fresh look from the bar. The price he

Please see **BROTHERS** page 5



JOURNAL SENTINEL FILES

In 1981 the Balistrieris leave a Common Council committee meeting, where Frank Balistrieri had been subpoenaed to testify about his alleged ties with four Milwaukee restaurants. He denied he was part owner of any of them.

Brothers/Court will decide license

From page 4

has paid outweighs the disapproval that admitting John back into the bar would bring to lawyers."

The final decision on John Balistrieri's relicensing rests with the Wisconsin Supreme Court, which is expected to get recommendations from the local lawyer panel and the state Board of Attorneys Professional Responsibility over the next few months.

Glynn says that, stuck with the last name Balistrieri, John should be prepared for the worst. "I think it's pretty much a coin toss," Glynn says.

There is evidence the boys had doubts over their father's shadowy world, and knew its dangers. One FBI bug in 1980 picked up older brother Joe counseling John at a time when federal agents were closing in on the family in investigations that would send Frank and both boys to prison.

"Brother John," Joe says on the tape, "any hope of being legitimate is automatically erased... the time to make our move was in 1975 when we were absolutely clean."

"We had to do it his way," Joe adds bitterly, "(and) we were absolutely corrupted."

Today, the two are moving forward with their lives, changed as they are. Joe, still unmarried, lives at The Shorecrest. A longtime opera buff and antique collector with a love of literature, Joe still has a reputa-

John Balistrieri:

"I have indeed accepted
responsibility."

tion for wit, a sharp intelligence and fine living.

John lives quietly with his wife and young son on the east side, listing his address as 1961 N. Summit Ave., the back end of The Shorecrest, with a spectacular view of Lake Michigan.

While the brothers are not talking to the news media, John, testifying before the lawyer panel in March, argued that his comments in some of the secret FBI tape recordings had been taken out of context by prosecutors.

John Balistrieri also told the

panel that, contrary to prosecutors' statements, he has accepted responsibility for his role in the events that led to his conviction.

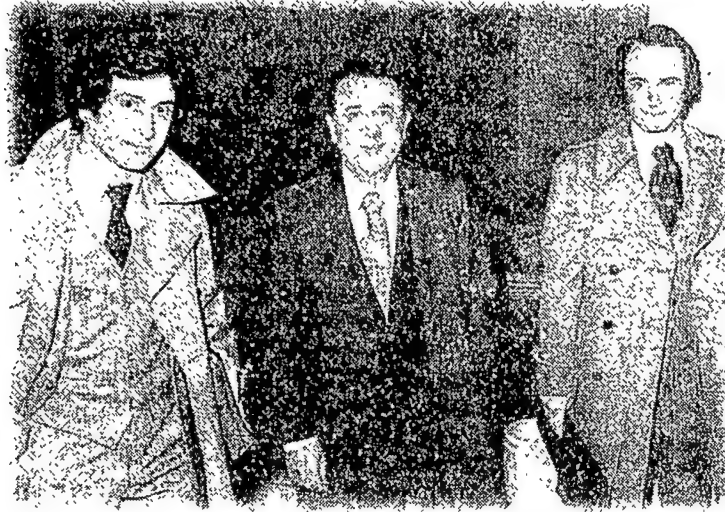
"It was 20 years ago almost," he said. "Maybe it's because I was naive, maybe it's because I believed in the traditional concept of the paterfamilias and listened to things that I should have rejected."

"I have indeed accepted responsibility," John added. "And I have promised myself that those types of incidents which led up to that conviction would never occur again."

Reinstatement of his law license, John said, will help him provide for his family: his wife, whom he married in 1989 just three months out of prison, and his son, now 6.

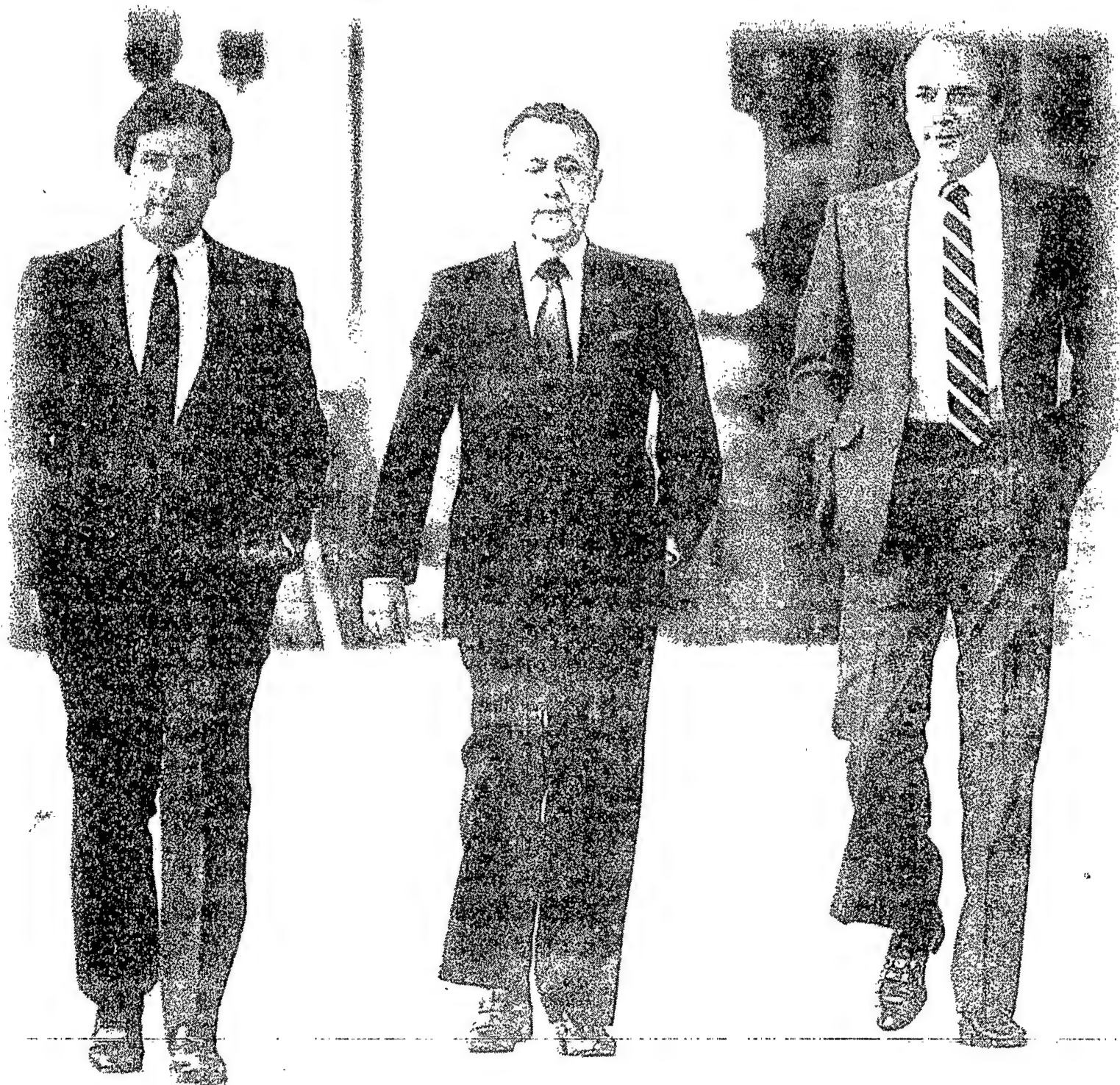
"My life centers around my son and my wife," John said. "I feel that it is important for my son to know that I have been reinstated."

And the name of his father lives on. John's son, born in April 1990, was baptized Francesco Balistrieri. They call him, a family friend says, "Little Frankie."



JOURNAL SENTINEL FILES

Top: The Balistrieris in 1980. Above: In 1993 John (left) and Joseph Balistrieri arrive at the Schmidt & Bartelt funeral home in Whitefish Bay to pay their last respects to their father.



From left, John, Frank and Joseph
Balistreri leave Federal Court
in Milwaukee in 1983.

In death, a dubious fame

Three years in his grave, longtime Milwaukee mob boss Frank P. Balistreri is still a hot property.

Colorful copy in hundreds of local newspaper and TV stories over the last 30 years, Balistreri is being discovered by Hollywood and New York book publishers.

Balistreri would love it.

A man who relished his "godfather" image, whose boyhood idol was gangster Al Capone, Balistreri is a key figure in a recent book about the mob and Las Vegas, "Casino" (Simon & Schuster), published last year at the time the movie of the same name came out.

And in 1994, Nichelle Nichols, famous for playing Lt. Uhura in "Star Trek," published a book recounting how Balistreri once scared Shatner nearly to death when Shatner tried to back out of a show at Balistreri's Milwaukee dinner theater.

As Nichols tells it, in the early '80s she and Shatner were on the set of one of the early "Star Trek" movies and Shatner was regaling the cast with a story about trying to get out of a commitment for a summer-stock play in Milwaukee.

The Milwaukee theater owner calls Shatner, Nichols writes in her 1994 book, "Beyond Uhura: Star Trek and Other Memories" (Putnam's). "Bill, I want you should do this play," the husky-voiced owner tells Shatner.

Shatner, Nichols writes, puts in an angry, screaming call to his agent but calms down after he learns who the theater owner is — a Midwest Mafia boss with enough clout, Shatner told the cast, that he was able to do both the summer theater engagement and the film because the movie's producers held the part for him.

The Mafia boss, Nichols writes, turned out to be none other than Frank Balistreri, who was running the Centre Stage Dinner Playhouse downtown when Shatner starred in "The Seven Year Itch" in 1974.

Nichols also tells a personal story about Balistreri. In the early 1950s, as a young singer and dancer out of Chicago trying to make a name in show business, she jumped at the chance for a two-week engagement at what she thought was a posh supper club opening in Milwaukee.

Within a week, Nichols wrote, she discovered the place was a former strip club, and the ex-strippers, now showgirls, were expected to drink with the male customers after the show to get them to run up big bar tabs.

"B-drinking," Nichols called it, and found out she, too, was expected to mix with the patrons.

Not part of her contract, Nichols tells the hard-eyed bartender.

The next night, Nichols writes, the club's owner, Frank Balistreri, small, stocky, impeccably dressed, is in her dressing room.

Nichols said she explained to Mr. B, who insisted that she

call him "Frankie," that she had a young child, did not B-drink for anyone, and that her father would be mortified if he knew she was anywhere near a B-joint.

Balistreri took that all in, Nichols writes, then gave her a pass, with dialogue right out of a gangster movie. "You always mind your mother and father, you will not go wrong," Balistreri tells her. "Anybody tells you anything, you tell 'em to talk to Frankie Balistreri. I like ya. You got class, kid."

Balistreri kept extending her contract at the club, and eventually, Nichols writes, even brought his family to the club and invited her to meet them, which was highly unusual, she says.

"In Frankie's words, 'The two' — meaning his beloved family and his sordid business — should never touch," Nichols writes.

The longer she stayed, the more stories she heard about Balistreri and "the local rackets," Nichols writes. "Frankie was not yet the Midwest don he would become, but he was working at it quite assiduously."

Strippers who got out of line ended up with shattered noses, or worse — one was found dead in a trash can, she writes. After 10 weeks of working his club, Nichols said she got up the nerve to tell Balistreri she was leaving.

"I saw the dangerous glimmer in Frankie's eyes," she writes. "You know," he said menacingly, "nobody quits on Frankie Balistreri."

Nichols said she finally got out of his club by working on his ego. She planted a story saying that because of the terrific exposure she'd gotten working for "the wonderful Frankie Balistreri," a big agent was taking her to New York.

When Balistreri read the item, he ate it up, Nichols writes.

"Whether Frankie Balistreri really believed that I really believed that he had discovered me — as he went around boasting for years — or was simply trying to save face and decided to give me a break, I'll never know. All I know is my engagement was mercifully shortened, and in a few weeks I got away."

The other book with Balistreri, "Casino," was written by Nicholas Pileggi, who had a huge bestseller with the true-life New York mob book, "Wiseguy."

Pileggi says how Balistreri, described as a "very quiet, very dapper man," played a pivotal role in pushing through a \$62 million loan from the Teamsters pension fund in Chicago so an unknown San Diego real estate developer could buy the Stardust casino in Las Vegas.

That was 1974, and the Teamsters loan gave Balistreri, along with mob bosses from Chicago, Kansas City and Cleveland, entree to the casino where they "skimmed" \$7 million to \$15 million in gambling profits over the next two years, Pileggi writes.

The book also notes a long-running dispute between Balistreri and the Mafia boss of Kansas City, Nick Civella, who disparagingly refers to the clothes-conscious Balistreri — famous for his sharply creased, expensively stylish suits — as "fancy-pants."

—Dave Daley



Anecdotes in two recent books underscore the "godfather" image of the late Frank Balistreri.

(Indicate page, name of newspaper, city and state.) **MILWAUKEE JOURNAL SENTINEL MILWAUKEE, WI**

(Mount Clipping in Space Below)

Storied restaurant may be history

Snug's served as unofficial hangout for organized crime

By DAVE DALEY
of the Journal Sentinel staff

Snug's, the storied east side restaurant that served both fine Italian food and as the unofficial headquarters of Milwaukee organized crime boss Frank P. Balistrieri, is apparently closing for good and a new nightclub called Frank's is opening in its place. Located in the Shorecrest

Hotel at 1962 N. Prospect Ave., Snug's has been closed for the past few months for renovation and apparently will reopen as a nightclub managed by retired Milwaukee businessman Frank C. LaVora Sr.

LaVora, who in the 1970s operated a popular east side tavern called La Veer's and ran Sally's Steak House downtown while owner Sally Papias was serving a prison sentence, declined comment last week about his new nightclub.

Calls to Joseph P. and John

Snug's/Eatery may close for good

From page 1

J. Balistrieri, who own and operate The Shorecrest Hotel as well as Snug's, were not returned.

But records at City Hall show that LaVora has applied for the liquor license now held by Snug's and also has applied for a cabaret license to operate a nightclub at the old Snug's location under the name Frank's — a club that includes live music, comedy acts and solo singers.

Snug's opened in 1976 in the Shorecrest Hotel under the management of Frank P. Balistrieri's two sons, Joe and

John, and takes its name from a character in William Shakespeare's comedy "A Midsummer Night's Dream."

Over the past two decades, Snug's earned a reputation as a superior restaurant featuring Italian-American cuisine — and as a side attraction, included a sidewalk cafe whose opening marked the unofficial start of spring for many east sides on Prospect Ave.

Snug's also was a regular hangout for Frank P. Balistrieri, the man the FBI identified as the mob boss of Milwaukee. Balistrieri, who died

in 1993, regularly held court in the restaurant from a corner table with a red telephone.

It was at Snug's in July 1978, a month after mobster August Palmisano was blown up in his car in Milwaukee, that Balistrieri told a group of New York and Rockford, Ill., mobsters that Palmisano had called him a name to his face.

Then, putting fingers to his own face, Balistrieri, added: "Now they can't find his skin." An undercover FBI

agent in the group later wrote the conversation down.

Snug's also was where the undercover agent, posing as a vending machine businessman, says he was threatened by Balistrieri for moving into Milwaukee without Balistrieri's permission. "We've been looking for you all week," Balistrieri told him. "We were going to hit you."

Both the Shorecrest Hotel and Snug's were prime targets for FBI agents who, in the fall of 1979, secretly planted court-authorized bugs at Balistrieri's favorite table and other locations in the FBI's biggest investigation ever in Milwaukee.

The captured conversations helped send Balistrieri to prison for 11 years on convictions for illegal bookmaking, extortion and skimming Las Vegas casino profits, and his two sons for a little more than three years on an extortion conviction.

The two sons returned to Milwaukee in 1989 after prison and both live at the Shorecrest. John Balistrieri, now 47, testified in March at a hearing to win back his law license that he now works running the day-to-day operations of the Shorecrest, owned by brother Joe, and other business assets that he and Joe own.

Date: 6/3/96
Edition: FINAL/METRO & STATE NEWS

Title: STORIED RESTAURANT MAY BE HISTORY

Character: LCN/OC
or

Classification:

Submitting Office:

FBI MILWAUKEE DIVISION

Indexing:

92-262-2499

SEARCHED	INDEXED
SERIALIZED	FILED
JUN 13 1996	
FBI — MILWAUKEE	

TRANSMIT VIA: AIRTEL

CLASSIFICATION: _____

DATE: SEP 30 1994

✓ FROM: Director, FBI

TO: All SACs
All LEGATs

ITALIAN ORGANIZED CRIME BRIEFING BOOK

The enclosed Italian Organized Crime (IOC) briefing book is provided to each receiving office and Legat. The purpose of this book is to provide a general overview of IOC groups, the threat they present to the United States and abroad, as well as their criminal activities and interaction with other organized crime groups. The briefing book also highlights IOC subprogram initiatives and intelligence support available for IOC investigations.

The IOC briefing book is to be used for information only. Any questions pertaining to the book can be directed to FBIHQ, Attention: Organized Crime/Drug Operations Section #2, La Cosa Nostra/Italian Organized Crime Unit, or the Organizational Intelligence Unit, Intelligence Section, Criminal Investigative Division.

Enclosure
John

SAC *[Signature]* *THW*
WSE

92-262-2500
~~187-2~~

SEARCHED	INDEXED
SERIALIZED	FILED
SEP 30 1994	
FBI-MILWAUKEE	

[Signature]

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100-368612-10

SEARCHED	INDEXED
SERIALIZED	FILED

AUG 29 1996

FBI — MILWAUKEE

FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE

Date: 02/08/1996

To: New York, ADIC
Albany, SAC
Albuquerque, SAC
Anchorage, SAC
Atlanta, SAC
Baltimore, SAC
Birmingham, SAC
Boston, SAC
Buffalo, SAC
Charlotte, SAC
Chicago, SAC
Cleveland, SAC
Columbia, SAC
Dallas, SAC
Detroit, SAC
El Paso, SAC
Honolulu, SAC
Houston, SAC
Indianapolis, SAC
Jackson, SAC
Jacksonville, SAC
Kansas City, SAC
Knoxville, SAC
Las Vegas, SAC
Little Rock, SAC
Louisville, SAC
Memphis, SAC
Milwaukee, SAC
Minneapolis, SAC
Mobile, SAC
Newark, SAC
New Haven, SAC
New Orleans, SAC
Norfolk, SAC
Oklahoma City, SAC
Omaha, SAC
Philadelphia, SAC
Pittsburgh, SAC
Phoenix, SAC
Portland, SAC
Richmond, SAC
Sacramento, SAC
St. Louis, SAC
Salt Lake City, SAC
San Antonio, SAC

Attn: All Russian OC Squads

See 1A ①


92-262-2506

SEARCHED.....	INDEXED.....
SERIALIZED.....	FILED.....
FBI - MILWAUKEE	

To: New York, ADIC From: Criminal Investigative Division
Re: [REDACTED], 02/08/1996

b7A

San Antonio, SAC
San Diego, SAC
San Francisco, SAC
San Juan, SAC
Seattle, SAC
Springfield, SAC
Tampa, SAC
Bern, Legat
Bogota, Legat
Bonn, Legat
Bridgetown, Legat
Brussels, Legat
Canberra, Legat
Caracas, Legat
Hong Kong, Legat
London, Legat
Madrid, Legat
Manila, Legat
Mexico City, Legat
Montevideo, Legat
Ottawa, Legat
Panama City, Legat
Paris, Legat
Rome, Legat
Santiago, Legat
Tokyo, Legat

 From: Criminal Investigative Division
OC/DOS #2 Russian/Eastern European Eurasian Criminal
Enterprise Unit Rm. 3033

Contact: [REDACTED]

Approved By: [REDACTED]

Drafted By: [REDACTED]

File Number(s): [REDACTED] (Pending)

Title: THE SEMION MOGIELEVICH ORGANIZATION; EURASIAN ORGANIZED
CRIME

Synopsis: None

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b7A

To: New York. ADIC From: Criminal Investigative Division
Re: [REDACTED] 02/08/1996

b7A

Enclosures: Enclosed for receiving offices is a copy of the Semion Mogilevich Organization report (For law enforcement use only) prepared by the Organizational Intelligence Unit (OIU).

Details: The OUI completed the enclosed update of Semion Mogilevich Organization at the request of the Organized Crime/Drug Operations Section #2 (OC/DOS #2). This report has been used by OC/DOS #2 [REDACTED]

b7E

[REDACTED] targeting the Semion Mogilevich Organization. In as much as the Mogilevich Organization's activities impact on several FBI field divisions to include - Chicago, Houston, Los Angeles, Miami, New Haven, New York, Philadelphia, and San Diego this report is being forwarded to receiving offices for information purposes.

Case ID: MW-92-C262

MW

1

SEMION MOGIELEVICH ORGANIZATION BOOK

(03/31/95)

FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE

Date: 02/29/1996

To: All SACs **Attn:** Russian OC Squads

From: Criminal Investigative Division
OC/DOS Russian/Eastern European/Eurasian Criminal
Enterprise Unit (R/EE/ECEU) RM. 3033
Contact: [REDACTED]

Approved By: [REDACTED]

Drafted By: [REDACTED]

File Number(s): [REDACTED] (Pending)

Title: EURASIAN ORGANIZED CRIME IN THE UNITED STATES

Synopsis: (NONE)

Enclosures: 1 copy of an Organizational Intelligence Unit (OIU) report captioned "Eurasian Organized Crime in the United States."

Details: The OIU completed an updated overview of the "Eurasian Organized Crime in the United States" at the request of the OC/DOS #2.

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See 1A-^②

92-262-2507

SEARCHED.....	INDEXED.....
SERIALIZED.....	FILED.....
FBI — MILWAUKEE	

Case ID: MW-92-C262

[illegible]

(12/31/1995)

FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE

Date: 10/10/1996

To: MILWAUKEE

SQUAD 4

Attn: SA [REDACTED]

From: CHICAGO

6C IA

Contact: [REDACTED]

Approved By: SSA [REDACTED]

Drafted By: [REDACTED]

Case ID #: 92A-0 (Pending)
92A-262 (Pending)

Title: [REDACTED]

dba IOWA COUNTY WISCONSIN CORPORATION
LCN MATTER

Synopsis: Information developed by Chicago re captioned individual.

Reference: 92A-MW-262, Serial 2463

Enclosures: (2) One copy each of Chicago serials 183-938-242 and 29B-CG-90589-18.

Details: Re Chicago telcalls from IA [REDACTED] to SA [REDACTED] Milwaukee Division, 7/18/96 and 9/27/96; re Milwaukee call to Chicago 9/30/96.

During retelcall 9/30/96 SA [REDACTED] advised he was not interested in any of the civil cases involving [REDACTED] which are located in DU PAGE and COOK COUNTY CIRCUIT COURTS. SA stated he is only interested in information indicating organized crime activity on part of [REDACTED]

Concerning Milwaukee's lead for Chicago to review Chicago serials 166-CG-2835-3 and 183-938-242, the following information is furnished:

~~SEARCHED~~
~~INDEXED~~
~~SERIALIZED~~
~~FILED~~

2508

92A-MW-262

SEARCHED	INDEXED
SERIALIZED	FILED
OCT 16 1996	
FBI - MILWAUKEE	

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b7C

To: MILWAUKEE SQUAD 4 From: CHICAGO
Re: 92A-0, 09/30/1996

166-CG-2835-3:

To date, Chicago has not located 166-CG-2835, Serial 3, p.4, re HYPERION ENTERPRISES, INC., 1224 Linden, Oak Park, IL. Recently, Chicago's closed files were moved to an offsite and 166-2835 may be misfiled. Chicago is continuing its search and will report information ASAP.

1996 HAINES CRISS CROSS DIRECTORY, searched 10/9/96, has no listing for 1224 Linden Avenue, Oak Park, Illinois. It is noted [redacted] information is dated [redacted]

AMERITECH 1996/1995 directories and AMERITECH Information 411 service all list [redacted]

[redacted] These AMERITECH services do not list [redacted] in either Oak Park and/or Chicago.

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183-938-242:

Above serial is an insert dated 1/13/86 which reflects Chicago source advised that gangland slaying "....victim [redacted] was an associate of [redacted] who owns [redacted] on [redacted] off of [redacted] Source also advised that [redacted] loans juice money and is associated with gamblers. Copy of insert enclosed herewith.

29B-CG-90589-18:

Serial is an FD 302 which reflects only that [redacted] was [redacted] of that bank; and that [redacted] was present 5/5/93 when Chicago SAs interviewed [redacted] Since Chicago is not fully knowledgeable re exact details of STATE OF WISCONSIN's request re [redacted] there is enclosed a copy of above serial for case agent's perusal.

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On 8/12/96, an EC requesting informant canvassing for information re [redacted] was disseminated to Chicago RA SAs and to Chicago Office OC and WC SAs; following is response furnished by SA [redacted] currently assigned to Squad WC-4, 1-312/346-7366:

To: MILWAUKEE SQUAD 4 From: CHICAGO
Re: 92A-0, 09/30/1996

SA [] does not presently have any sources who could furnish information re [] or his business activities. [] Wisconsin where the LAKE GENEVA KENNEL CLUB (GLKC) is located. Following is furnished for whatever assistance it may be to office of origin:

SA [] is acquainted with some of past/present employees of GLKC;

SA's [] in Delavan, Wisconsin and discreetly advised that [] has made personal appearances before the DELAVAN CHAMBER OF COMMERCE and has represented himself as a "...troubled business-turned-around specialist". [] appearances before the DELEVAN CHAMBER OF COMMERCE seem designed to put the community at ease regarding the new operators of the GLKC. [] has not personally met [] but he believes his [] has met []

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[] are acquaintances of [] (phonetic), [] sold GLKC to GLICK/MIDWEST TRACK ASSOCIATES. [] also has or had an interest in the ABBEY RESORT in Fontana, Wisconsin and LAKE LAWN LODGE in Delavan, Wisconsin, among other Lake Geneva resorts.

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[] and is currently with [] i.e., the same building where [] is located. [] is familiar with [] and believes that it conducts predominantly bankruptcy and banking type law. [] believes that he has had cases where the [] firm has been opposing counsel, however, [] does not personally know []

SA [] of the [] the DELAVAN POLICE DEPARTMENT and the WALWORTH COUNTY SHERIFF'S DEPARTMENT, Walworth County, Wisconsin. [] telephonically advised SA that he is not familiar with [] but that he still maintains contact with many people employed by the aforementioned local and county law enforcement departments. He offered to make discreet inquiries at these departments if so desired by either Milwaukee or Chicago. SA [] can be reached at the VICTORVILLE RA, Telephone #619/951-7119.

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To: MILWAUKEE SQUAD 4 From: CHICAGO
Re: 92A-0, 09/30/1996

On 6/3/96 a check with STATE OF ILLINOIS, SECRETARY OF STATE - Business Services (Corporation Records), revealed below information re companies with which [] is/has been affiliated:

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IOWA COUNTY WISCONSIN CORPORATION

Wisconsin corporation; not Illinois corporation; qualified in Illinois 10/3/84; File #F53605109; Registered Agent ROBERT DUNN GLICK, 180 N. La Salle, Suite 2700, Chicago, IL 60601; President NORMAN R. BOBINS, 120 S. La Salle, Chicago, IL 60603; Secretary ROBERT K. QUINN, Chicago, IL 60603.

RAM TRADING, INC.

Illinois corporation, incorporated 11/13/81, File #D52569141; Registered Agent ROBERT DUNN GLICK, address - same as above; President and Secretary BRUCE J. YOUNG, 2441 Woodbridge Lane, Highland Park, IL 60035.

HYPERION ENTERPRISES, INC.

Illinois corporation; incorporated 11/25/75; in good standing; Registered Agent ROBERT DUNN GLICK, same law firm address as above; President - no name; vacated/resigned; no date of resignation; address 300 West Washington, Suite 704, Chicago, IL 60603. Last annual report was filed 11/8/95 with ILLINOIS SECRETARY OF STATE, Springfield, IL, and most likely would reflect president's name.

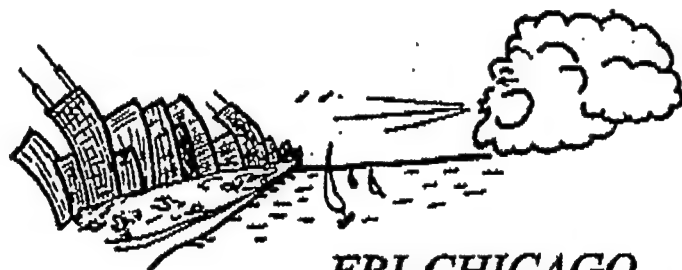
MAMA TISH'S ENTERPRISES, LTD.

Illinois corporation; incorporated 12/9/82; involuntarily dissolved 5/2/88; Registered Agent was ROBERT DUNN GLICK; President MICHAEL WEBER, 5245 N. Rose Street, Rosemont, IL 60018.

Chicago will continue to search for 166-2835 and will advise Milwaukee ASAP.

This matter is pending in Chicago.

FEDERAL BUREAU
OF INVESTIGATION
WEST RESIDENT AGENCY
4343 Commerce Court, Suite 715,
Lisle, Illinois 60532
Telephone (630) 505-5755
Telephone Fax # (630) 505-7556



**FBI CHICAGO
THE WINDY CITY**

FBI FACSIMILE COVERSHEET

CLASSIFICATION

PRECEDENCE

- ☐ Immediate
☐ Priority
☒ Routine

- ☐ Top Secret
☐ Secret
☐ Confidential
☐ Sensitive
☒ Unclassified

Time Transmitted: _____

Sender's Initials: _____

Number of Pages: 2

To: FBI - CG Date: 8-13-96
(Name of Office)

Facsimile number: _____

Attn: IA- EXT. 2623
(Name) (Room) (Telephone No.)

From: WEST R.A.
(Name of Office)

Subject: MAMA TISH'S RESTAURANT

b6
b7C

Special Handling Instructions: _____

Originator's Name: Telephone: _____

Originator's Facsimile Number: (630) 505-7556

Approved: [Signature]

✓ 183-938 (12)

UNSUBS;
 GANGLAND SLAYING OF
 MICHAEL LENTINI,
 JANUARY 13, 1986

On January 17, 1986 [redacted] advised Special Agent (SA) [redacted] that [redacted] MAMA SUES has had a large amount of traffic coming into the restaurant. Source stated [redacted] is loaning juice money out of the restaurant.

Source stated 2 days ago he overheard [redacted] state that "they went too far and it was going to cause trouble." Source stated that he interpreted this as meaning someone was late.

Source stated that victim LENTINI was an associate of [redacted] MAMA TISH'S RESTAURANT on Rose Street off of River Road in Rosemont. Source stated [redacted] loans juice money and is associated with gamblers.

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 b7C
 b7D

Information contained herein
 is confidential and its
 disclosure is not to be
 made to the public or
 other personnel who have not
 been authorized to receive
 this information. It is to be a witness in a
 trial or hearing.



183-938-242
 SEARCHED INDEXED
 SERIALIZED FILED
 FEB 21 1986

b6
 b7C

(12/31/1995)

FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE

Date: 11/25/1996

To: MILWAUKEE

Attn: SQUAD 4

From: CHICAGO

IA 6E

Contact: [REDACTED]

Approved By: [REDACTED]

Drafted By: [REDACTED]

Case ID #: 92A-0 (Pending)
92A-262 (Pending)

Title: [REDACTED]

dba IOWA COUNTY WISCONSIN CORPORATION
LCN MATTER

Synopsis: Chicago file 166-2835 located; information set out.

Reference: 92A-MW-262 Serial 2508

Details: Re Chicago EC 10/10/96 which Chicago was unable to upload. Re Chicago telcall to Milwaukee 11/21/96 during which Rotor [REDACTED] furnished Serial # 2508 for Chicago EC 10/10/96 which, she explained, was manually serialized as Milwaukee is having difficulty with ACS uploading process.

Chicago has now located CG 166-2835-3. Serial is a memo dated 11/6/84 from SA [REDACTED] entitled [REDACTED] dba SMOKERS HEALTH CLUB, 2337 Mannheim Road, Melrose Park, IL, ITAR - LCN TARGET", OO - CHICAGO. Memo indicates a physical surveillance of SMOKERS HEALTH CLUB on 3/15/84 by [REDACTED] CHICAGO POLICE DEPT.; 1971 Ford bearing Illinois License Plate DI3509 - registered to HYPERION, INC., 1224 Linden Avenue, Oak Park, IL - was observed parked at above location.

1983 and 1984 Listings of Domestic and Foreign Corporations do not reflect a HYPERION, INC.

Concerning MAMA TISH'S ENTERPRISES, LTD, referred to in Chicago EC 10/10/96, a search of LEXIS NEXIS on 11/25/96 revealed MAMA TISH'S ENTERPRISES, LTD. was dissolved 5/2/88; that [REDACTED] was [REDACTED] with Registered Address of 33 North La Salle Street 2222, Chicago, IL. LEXIS NEXIS listed as presently existing MAMA TISH'S ITALIAN SPECIALTIES, INC., 4800 South Central, Chicago, IL; [REDACTED] with

~~SEARCHED~~
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92A-MW-262-2508

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SERIALIZED	FILED
DEC - 4 1996	
FBI - MILWAUKEE	

To: MILWAUKEE From: CHICAGO
Re: 92A-0, 11/21/1996

Registered Address of 33 North LaSalle St., 35th floor, Chicago,
IL 6060; [redacted] were listed as [redacted] and

[redacted] Name of [redacted] was not noted in LEXIS NEXIS print-
out. Above is furnished for information only.

b6
b7C

This matter is considered completed in Chicago.

92-262-2511

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SERIALIZED.....5.....	FILED.....8.....
FBI — MILWAUKEE	

York & Co

FEBRUARY 10, 1997

OFFICIALS SAY MOB IS SHIFTING CRIMES TO NEW INDUSTRIES

A RESPONSE TO PRESSURE

Prepaid Calling Cards, Initial
Stock Offers and Health
Care Are New Tools

By SELWYN RAAB

With their longtime control of extortion and bid-rigging rackets in New York City and New Jersey weakened by years of relentless prosecutions and by regulatory crackdowns, the region's Mafia crime families are switching increasingly to white-collar crimes as ripe sources of plunder, law enforcement officials say.

The new Mafia focus is primarily on multimillion-dollar frauds in three lucrative businesses: health insurance, prepaid telephone cards and small Wall Street brokerage houses, according to law enforcement experts on organized crime.

The experts say that mobsters and their associates, especially younger ones, have searched for new criminal opportunities in recent years as many of the most powerful Mafia bosses have been sent to prison and the flow of loot from traditional rackets has dwindled.

Those old enterprises, investigators said, included shakedowns in the construction industry, garbage-hauling cartels, extortion in the city's wholesale food and produce markets, the milking of union pension and welfare funds, payoffs for obtaining jobs and contracts at the Jacob K. Javits Convention Center and control of the garment district's trucking companies.

With a tinge of irony, law enforcement officials said that their successes in eliminating long-established rackets had caused the crime families to mine new fields for booty.

"They are analogous to companies in Chapter 11 bankruptcy," Lewis D. Schiliro, a top Federal Bureau of Investigation official, said of the region's five largest Mafia gangs — the Genovese, Gambino, Lucchese, Colombo and Bonanno families. "They are still in business but many of their old moneymaking bases have dried up and they are moving into new industries to fill the cash void."

Most information about the Mafia's moves into white-collar areas, law enforcement officials said, has come from informers, wiretaps and electronic bugs. They said that despite a handful of arrests in a medical-fraud investigation in New Jersey last year, no major mob figures had been seized so far. But they added that white-collar investigations required long and complex paper trails.

"In destroying their old rackets, we have given them on-the-job training about how we infiltrate families, turn witnesses and use electronic surveillance," said Mr. Schiliro, the chief of the F.B.I.'s criminal division in New York. "They are not as overt

Continued on Page A10, Column 1.

Mob Said to Shift Crimes to Growth Industries

Continued From Page A1

as they once were, and we may have to change our techniques."

Mr. Schiliro and Peter G. Verniero, the Attorney General of New Jersey, said their agencies were giving high priority to thwarting mob attempts to turn medical insurance into an underworld treasure trove.

Infiltration of the health care industry, Mr. Verniero said in a recent interview, "is now our most serious organized crime problem."

The authorities in New Jersey said they uncovered what might be the prototype of the mob's medical care strategy in August, when they arrested 12 men accused of being members of a Genovese crew, or unit. The crew's leaders were charged with siphoning payments from Tri-Con Associates, a New Jersey company that arranged medical, dental and optical care for more than one million patients in group plans throughout the country.

Investigators said that the mobsters set up Tri-Con, investing their own money and using employees as managers, and intimidated some health plan administrators into approving excessive payments to the company. New Jersey authorities said Tri-Con in effect became a broker, linking networks of health-care providers, including physicians, hospitals and dentists, with group plans for companies and unions.

The authorities said that this area of health care service generally was not tightly regulated and that a grand jury was trying to determine the extent of any frauds manipulated through Tri-Con.

All Tri-Con defendants have pleaded not guilty to the fraud charges and denied that they intimidated health-plan administrators to approve excessive fees.

A relatively new industry — prepaid phone cards — that grosses about \$1 billion a year is another Mafia target, Federal agents said. The cards, sold at neighborhood stores, are especially popular with immigrants as a convenient way to call overseas from public telephones.

The companies that make and distribute the cards program their magnetic strips with a fixed amount of credit for calling time, typically \$20. They pay stores a small commission for each card sold and reimburse long-distance carriers for calls made with the cards, pocketing whatever money is left.

Agents say that the Gambino family set up a calling-card company that stole more than \$50 million from callers and phone companies from fraudulent sales in the New York area and in other big cities.

An agent, who spoke on the condition of anonymity because the matter was still under investigation, said that each card supplied by the Gambinos was typically sold for \$20 in calls, but that most cards became worthless after \$2 or \$3 in calls because they had not been programmed for the listed amounts.

The agent said that Gambino gangsters "ripped off millions in small amounts from thousands of customers who bought semi-worth-

less cards."

The telephone carriers that handled the calls also lost money, he said, "because they made the deal almost entirely on credit to the phony distribution company, which never passed along the money for the calls that were actually made with the cards."

The stock market boom is also attracting the mob. Federal and city law enforcement officials said they were investigating efforts by the Genovese, Gambino and Colombo

Fish markets? In the 90's, wise guys like the stock markets.

crime families to coordinate frauds through initial public offerings of stock in the over-the-counter markets handled by small brokerage firms.

The officials, citing ongoing inquiries, refused to give details of the suspected stock-tampering schemes. But a Long Island businessman who admitted participating in recent stock swindles involving Gambino and Colombo members agreed to discuss the deals on the condition of anonymity. The businessman, who served a prison sentence for grand larceny, said in an interview that his life might be endangered if he were identified.

Recounting what he said was the Mafia's most common ploy, he explained that mobsters or their associates offer loans to brokers who are in debt or need capital to expand their businesses. Then, the mobsters force the brokers, using confederates as front men, to sell them most of the low-priced shares in a company before its stock is available to investors through initial public offerings.

The mobsters, with the brokers' help, quickly inflate the value of the shares by trading among themselves in paper or fake transactions. The brokers are then coerced into further inflating the prices of the new shares by recommending them to unsuspecting investors. The gangsters then sell out with huge profits before the overvalued stocks plunge, the businessman explained.

Daniel J. Castleman, the head of the investigation division in the Manhattan District Attorney's office, said the Mafia's move into Wall Street and white-collar activities created unseen dangers for the public. "When you borrow from loan sharks, at least you know what you're getting into," he added. "But when you are unaware that you are dealing with mobsters, there is a tremendous potential for substantial financial losses."

The Mafia's entry into white-collar crime has followed a recent string of serious financial setbacks, law enforcement officials say. Investigators assert that the Mafia was hit with probably its largest loss — about \$500 million a year in illicit profits — when its garbage-hauling cartels in the city and on Long Island

were dissolved in the last two years. Leaders of the Gambino, Genovese and Lucchese families and their allies have been convicted or are awaiting trials on accusations of reaping enormous profits through rigged bids and inflated bills.

Another \$50 million a year evaporated from the mob's treasury, organized crime experts said, when the city, using stricter licensing powers, evicted from the Fulton Fish Market more than 20 companies linked to the Genovese family. A proposed licensing law aimed at removing mob figures and corrupt practices from two other big markets, the Hunts Point produce market in the Bronx and the Gansevoort meat market in Manhattan, is before the City Council.

At the Javits Center, the state now supervises hiring and construction contracts controlled until the mid-1990's by carpenters' and teamsters' union officials who have been removed on charges of corruption and ties to the Gambino and Genovese families. In the garment district, a group of Gambino-run trucking companies that prosecutors said had a stranglehold for decades over the delivery of clothing have been replaced through a court order by untainted, independent companies.

But officials concede that the Mafia's network of illegal sports bookmaking and loansharking rings continue to flourish.

92-262-2512

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